



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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Application of California-American Water Company (U 210W) to Decrease Revenues For Water Service in its Coronado District by (\$73,100) or (0.46%) in 2008 and Increase Revenues by \$266,200 or 1.67% in 2009 and \$260,900 or 1.61% in 2010

A.07-01-036

Application of California-American Water Company (U 210 W) to Increase Revenues for Water Service in its Larkfield District by \$1,272,000 or 61.91% in 2008, \$134,300 or 3.94% in 2009 and \$129,900 or 3.67% in 2010 Under the Current Rate Design or Decrease Revenues by (\$742,200) or (36,12% in 2008 and Increase Revenues by \$50,000 or 3.72% in 2009 and \$63,500 or 4.55% in 2010 Under the Proposed Rate Design.

A.07-01-037

Application of California-American Water Company (U 210 W) to increase Revenues for Water service in its Sacramento District by \$8,966,900 or 33.89% in 2008, \$1,905,700 or 5.36% in 2009 and \$1,860,700 or 4.97% in 2010 Under the Current Rate Design or by \$10,981,000 or 41.50% in 2008, \$1,925,900 or 5.11% in 2009, and \$1,845,600 or 4.66% in 2010 Under the Proposed Rate Design.

A.07-01-038

Application of California-American Water Company (U 210 W) to Increase Revenues for Water Service in its Village District by \$1,537,300 or 7.43% in 2008, \$243,400 or 1.08% in 2009, and \$232,900 or 1.02% in 2010.

A.07-01-039

**MARK WEST AREA COMMUNITY SERVICES COMMITTEE'S COMMENTS
ON
THE SETTLEMENT AGREEMENT AS TO CERTAIN ISSUES BETWEEN THE
DIVISION OF RATEPAYER ADVOCATES AND CALIFORNIA AMERICAN WATER
COMPANY ON THE REVENUE REQUIREMENTS – LARKFIELD**

James M. Boulter
Mark West Area Community Services Committee
133 Eton Court
Santa Rosa, CA. 95403
(707) 546-3097
JBOULER@COMCAST.NET

July 20, 2007

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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I. INTRODUCTION

As stated in the Scoping Memo for this proceeding issued by the Assigned Commissioner and the Administrative Law Judge, settlement negotiations were scheduled to begin on May 25, 2007.

Also, as stated in the Scoping Memo, the parties were to schedule at least two meet and confers between April 17, 2007 and May 23, 2007.

A meet and confer was held at the CPUC office at 505 Van Ness Avenue, San Francisco, CA. on April 24, 2007.

An “All Party Settlement Conference” was held on Friday May 25, 2007 also at the CPUC Office in San Francisco

The Settlement Agreement between DRA and Cal-Am was filed on July 5, 2007.

I. MWACSC EXCLUDED FROM SUBSTANTIVE NEGOTIATIONS

The Mark West Area Community Services Committee (“MWACSC”), a party to this proceeding, has been systematically excluded from settlement conferences between DRA and Cal-Am.

A. “Meet and Confer of April 24, 2007

MWACSC did attend the only “meet and confer” that MWACSC was informed about on April 24, 2007, This meeting took place ten (10) days before DRA and Intervenor testimony was due and a full month before the scheduled start of settlement negotiations as shown in the Scoping Memo dated April 11, 2007.

The discussions that took place at this meeting would not be characterized as “negotiations” it was more of a statement of positions on a variety of subjects. No agreements were reached at this meeting.

B. All Party Settlement Conference.

An “All Party Settlement Conference” was held on Friday May 25, 2007. The Settlement negotiations for Coronado and Village Districts were held during the morning session. MWACSC did not attend the morning session of that conference.

MWACSC did attend the afternoon session of the conference which included the Larkfield and Sacramento Districts. The afternoon session lasted approximately two hours.

During the afternoon session it was obvious that DRA and Cal-Am had held other conferences because it was indicated that agreement had been reached on some issues, one of those issues being the conservation program.

Again the discussions would not be characterized as “negotiations” and no agreements were reached at this meeting.

C. Teleconference of June 11, 2007

James Boulter, a member of MWACSC was called on Friday afternoon June 8, 2007 by Sarah Leeper, attorney for Cal-Am, to inquire about availability of MWACSC for a conference on Monday June 11, 2007. Since Ms. Leeper never confirmed the meeting or provided time and location MWACSC was not present at that conference.

James Boulter received a telephone call on Monday morning June 11 and was asked if he would participate in a teleconference on the settlement agreement, he agreed.

The teleconference of June 11, cannot be considered as a conference for settlement negotiation. During that teleconference attorneys for Cal-Am outlined the terms of the agreement between DRA and Cal-Am. At that time the Settlement Agreement between DRA and Cal-Am was already an accomplished fact.

D. MWACSC excluded From Any Other Settlement Conferences.

MWACSC has been given no notice of any other Settlement Negotiations and none of the agreements included in the Settlement Agreement were reached in the presence of, or in consultation with, any representative of MWACSC.

Because MWACSC was excluded from settlement negotiations for subjects in which it had an interest, MWACSC requests that the Administrative Law Judge instruct DRA and Cal-Am to reopen negotiations on Utility Plant in Service and on Special Request No. 6 – Request for a Conservation Balancing Account and Surcharge and to include MWACSC in any and all settlement negotiations on those subjects.

II. UTILITY PLANT IN SERVICE.

A. Faught Road Well – 05610702/ Larkfield Well Treatment Project 05610502

The Faught Road well justification is based upon a Water Supply Analysis in the Rebuttal Testimony of Thomas Glover¹ that was calculated using inflated customer base figures from Cal-Am's 2006 Comprehensive Planning Study. MWACSC has requested the Administrative Law Judge to Strike the Testimony of Thomas Glover because of the numerous false and misleading statements in his testimony. As a part of Glover's Rebuttal Testimony he used customer base numbers which Cal-Am had acknowledged were inflated when they withdrew their request for Well No. 6. Thomas Glover himself acknowledged that the numbers were inflated in his Direct Testimony.²

In his calculation of the Water Supply Analysis in his Rebuttal Testimony Mr. Glover used a customer Base for the year 2010 of 2,693 as shown in the 2004 CPS on Table 3-4.³ A customer base of 2,693 in the year 2010 is not supported by Cal-Am's own growth projections.

Cal-Am shows 2,554 customers in the year 2009.⁴ To reach 2,963 customers by the year 2010 would require a one year growth of 409 customers or 16%.

Mr Glover testified in his Direct Testimony that the historical growth rate for Larkfield was 2.3%.⁵

Thus the Water Supply Analysis provided by Thomas Glover is unreliable and should be stricken from the record. That unreliable Water supply Analysis by Thomas Glover constitutes the sole justification for the Faught Road Well and should be given no credibility.

¹ Exhibit 17, Rebuttal Testimony of Thomas Glover, page 16

² Exhibit 14, Direct Testimony of Thomas Glover, page 5

³ Op. Cit. Rebuttal Testimony page 16

⁴ Exhibit A. to the application A.07-01-037, Chapter 5, Section 1 page 2 of 3.

⁵ Exhibit 14, Direct Testimony of Thomas Glover, page 5.

B. Water Treatment Plant Expansion.

Expansion of the Water Treatment Plant cannot be justified.

Cal-Am objected strongly to MWACSC's statement that the water from the Sonoma County Water Agency was treated water and did not pass through the treatment plant.⁶ Cal-Am claimed that the statement was not a part of the record and should be stricken.⁷

As was proven in MWACSC's reply to Cal-Am's Motion to Strike the Opening Brief of MWACSC, the statement is true and is supported by evidence in the record.^{8 9}

The existing treatment plant has two 600 gpm greensand filters with a total capacity of 1,200 gpm.¹⁰

As stated in Mr. Glover's Rebuttal Testimony pumping from the wells is being limited to 501 gpm by Ca-Am's "Operations Plan".¹¹ 501 gpm is less than the capacity of one of the 600 gpm filters.

Addition of the Faught Road Well at 400 gpm¹² would require treatment of 901 gpm, which is only about $\frac{3}{4}$ of the total capacity of the Treatment Plant.

Expansion of the treatment plant cannot be justified. Expansion of the treatment plant should be stricken from the settlement agreement.

⁶ Opening Brief of MWACSC page 13.

⁷ Cal-Am's Motion to Strike the Opening Brief of MWACSC page 5

⁸ MWACSC's Reply to the Motion of Cal-Am to Strike the Opening Brief of MWACSC, page 6

⁹ Exhibit 9, Exhibit E to Application A.07-01-037 Vol 2 of 2, tab Q., Investment Project 05610501 Larkfield – Arsenic Project, Approval Documents, 1. Project Needs Identification, page 2 of 3.

¹⁰ Ibid.

¹¹ Exhibit 17, Rebuttal Testimony of Thomas Glover, pages 16 through 21

¹² Exhibit 14, Direct Testimony of Thomas Glover, page 7

III. SPECIAL REQUEST NO. 6 – REQUEST FOR A CONSERVATION BALANCING ACCOUNT.

MWACSC supports expansion of the existing meager conservation program and does not object to the amounts of money allocated for the BMPs in each of the three years of this rate case.

The Committee is happy to see that Cal-Am will be required to provide all reports required by the Urban Water Conservation Council.

MWACSC disagrees with hiding the costs of the conservation program in Rates.

The conservation program is a separate program that is not a part of the cost of providing water and should not be included in rates.

The costs of the conservation program should be shown as a surcharge on ratepayers water bills. In that way ratepayers will be reminded with every bill that they are paying the cost of a conservation program and should take advantage of the services and assistance provided by the program.

Another objection to the proposed conservation program is that it does not have any requirement that it produce results. In particular the effects of conservation should be included in the Water Needs Analysis.

Cal-Am's witness David Morse testified that the calculations of water saved through conservation were only "estimates" and could not be used to determine supply needs.¹³

Cal-Am seizes upon that statement to claim that the effects of conservation cannot be included in the water needs analysis.¹⁴

What Cal-Am is failing to recognize is that the water supply needs for future years are, themselves, only estimates. These needs analyses use projected customer base for future years, average number of people per household and an average usage of water for each person or household. Combining projections and averages can only produce an estimate of the future water needs. The effects of conservation should certainly be included in those estimates.

¹³ Transcript, A.0701036 -070606_Vol 6, Morse, page 421

¹⁴ Cal-Am's Motion to strike the Opening Brief of MWACSC, page 7

CONCLUSION

MWACSC has been systematically excluded from settlement negotiations on subjects in which the Committee had great interest and should have been afforded the opportunity to participate. The Committee has been unfairly deprived of its right to participate in these negotiations through failure of the other parties to even notify the Committee of the date, time and place of settlement conferences as required by Rule 12.1 (b) of the Commission's Rules of Practice and Procedure.

The Mark West Community Services Committee requests the Administrative Law Judge to disapprove the Settlement Agreement submitted by DRA and Cal-Am and to instruct the parties to reopen negotiations on subjects in which the Committee has interest,

Respectfully Submitted

/S/ JAMES M. BOULER
James M. Boulter

CERTIFICATE OF SERVICE

I hereby certify that I have this day, July 20, 2007, served the within

MARK WEST AREA COMMUNITY SERVICES COMMITTEE'S COMMENTS

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**on the interested parties in this action by transmitting this document electronically
from my home at 133 Eton Court, Santa Rosa, California 95403 to the electronic
e-mail addresses listed on the attached service list.**

**In addition to the e-mail service list I have filed the above document, in
PDF/A format, electronically by transmitting the same to the Docket Office of the
California Public Utilities Commission at [HTTP://EFILE.CPUC.CA.GOV](http://efile.cpuc.ca.gov) .**

**I hereby certify that the original, signed copy of the above document is
available for review and copying at the request of the Commission or any party.**

Executed at Santa Rosa, California, July 20, 2007

**/S/ JAMES M. BOULER
James M. Boulter**

SERVICE LIST

LRR@CPUC.CA.GOV
MPO@CPUC.CA.GOV
JRC@CPUC.CA.GOV
FLC@CPUC.CA.GOV
LWEISS@STEEFEL.COM
LDOELQUEIST@STEEFEL.COM
SLEEPER@STEEFEL.COM
DSTEPHEN@AMWATER.COM
DARLENE.CLARK@AMWATER.COM
KTURNER@CALAMWATER.COM
DEMORSE@OMSOF.T.COM
JBOULER@COMCAST.NET
PLESCURE@LESCURE-ENGINEERS.COM
MARKWEST@MARKWEST.ORG
JSPURGIN@TOAKS.ORG